

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 04575 172358Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-06 SP-02 SS-15

STR-04 TRSE-00 ACDA-07 NSCE-00 SSO-00 USIE-00 INRE-00

FEA-01 JUSE-00 SEC-01 FTC-01 /098 W

----- 017485

O 172318Z NOV 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 1679

C O N F I D E N T I A L OTTAWA 4575

NOFORN

PASS TREASURY

E.O. 11652: GDS

TAGS: EINV, ENRG, ESTC, ETRD, PFOR, PINT, CA

SUBJ: POSSIBLE U.S. TREASURY ACTION AGAINST CANADIAN
SUPERIOR OIL LTD. UNDER FOREIGN ASSETS CONTROL ACT

REF: OTTAWA 3800, BLAKEMORE/POSZ TELECON NOV 17

1. U.S.-RESIDENT CONTROL OF CANADIAN SUPERIOR OIL LTD.:
PURSUANT TO REQUEST MADE IN REFERENCED TELECON, THE EMBASSY
HAS VERIFIED THAT CANADIAN SUPERIOR OIL LTD. IS CONTROLLED
BY U.S. INVESTORS. ENERGY, MINES AND RESOURCES (EMR) SENIOR
ADVISER ON FINANCIAL AND CORPORATE ANALYSIS, THOMAS S.
TUSCHAK, INFORMED EMBASSY THAT SUPERIOR OIL COMPANY, A
NEVADA CORPORATION, OWNS 53.3 PERCENT OF THE SUBJECT FIRM'S
OVERSEAS SHARES. U.S.-RESIDENT PORTFOLIO INVESTORS OWN
AN ADDITIONAL 16 PERCENT OF SUBJECT FIRM'S STOCK; TOTAL
U.S. CONTROL THEREFORE APPROXIMATELY 69 PERCENT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 04575 172358Z

2. PARTICIPATION IN VIETNAM OIL EXPLORATION MISSION BY

PETROLEUM CANADA:

RALPH TOOMBS, EMR SENIOR ADVISER FOR ENERGY POLICY, INFORMED EMBASSY THAT PETROCAN WILL NOT PARTICIPATE IN OIL EXPLORATION ACTIVITIES IN VIETNAM AND GOC SO INFORMED VIETNAMESE DELEGATION WHEN IT CAME TO OTTAWA. HOWEVER, A REPRESENTATIVE OF PETROCAN WILL ACCOMPANY THE DELEGATION OF PRIVATE CANADIAN OIL FIRMS TO HANOI IN ORDER TO INTRODUCE THEM TO THE VIETNAMESE GOVERNMENT AND TO REAFFIRM THAT PETROCAN WILL NOT ITSELF PARTICIPATE IN EXPLORATION.

3. COMPOSITION OF CANADIAN PETROLEUM FIRMS' DELEGATION TO VIETNAM:

AS OF COB, TOOMBS (EMR) HAS NOT BEEN ABLE TO VERIFY NAMES OF CANADIAN FIRMS WHO WILL PARTICIPATE IN NEGOTIATIONS WITH VIETNAMESE. EMBASSY WILL PASS CONFIRMATION OF CANADIAN SUPERIOR'S PARTICIPATION IN THE NEGOTIATIONS TOGETHER WITH NAMES OF OTHER FIRMS PARTICIPATING WHEN WE HEAR FROM TOOMBS.

4. COMMENT

A. AS DEPARTMENT IS AWARE, THERE IS A LONG HISTORY OF SENSITIVITY HERE TO WHAT IS VIEWED AS UNWARRANTED INTERFERENCE IN CANADIAN INTERNAL AFFAIRS THROUGH EXTRATERRITORIAL EXERCISE OF U.S. LAWS. THE MOST RECENT EPISODES, THE POTASH AND URANIUM ANTITRUST INVESTIGATIONS, REMAIN CURRENT ISSUES ALTHOUGH PUBLIC REACTION HAS SUBSIDED AFTER INITIAL OUTBURST. NO OTHER ISSUE IN OUR BILATERAL RELATIONSHIP EXCITES MORE OUTRAGE ON THE PART OF CANADIAN NATIONALISTS THAN U.S. DOMINATION OF THE ECONOMY, AND A PARTICULARLY ODIIOUS ASPECT OF THIS RELATIONSHIP FROM THE CANADIAN POINT OF VIEW IS "INTERFERENCE" BY THE USG IN ACTIVITIES OF CANADIAN RESIDENT FIRMS. ANY ACTION NOW BY USG TO STOP CANADIAN SUPERIOR'S PARTICIPATION IN THE CONSORTIUM NEGOTIATING WITH THE VIETNAMESE GOVERNMENT IS LIKELY TO TRIGGER AN EVEN MORE VIGOROUS REACTION THAN THE POTASH AND URANIUM ANTITRUST CASES. SIMILAR PREVIOUS ACTIONS BY THE USG (INCLUDING THOSE RELATED

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 04575 172358Z

TO TRADE WITH CUBA) HAVE PROMPTED A VIGOROUS REACTION BY THE CANADIAN GOVERNMENT: PASSAGE IN 1975 OF THE COMBINES INVESTIGATION ACT AND, IN SEPTEMBER OF THIS YEAR, ENACTMENT OF THE URANIUM INFORMATION SECURITY REGULATIONS. BOTH LAWS PROHIBIT CANADIAN-RESIDENT FIRMS FROM COMPLYING WITH LAWS OF FOREIGN GOVERNMENTS IF SUCH COMPLIANCE IS VIEWED AS DAMAGING TO CANADIAN INTERESTS OR SOVEREIGNTY.

B. INJECTION OF SUCH A MAJOR IRRITANT INTO OUR RELATIONS WITH CANADA WOULD BE ESPECIALLY DAMAGING AT THIS TIME. THE PARTI QUEBECOIS VICTORY IN THE NOVEMBER 15 PROVINCIAL ELECTION HAS ADDED ENORMOUSLY TO THE TROUBLES OF AN ALREADY TROUBLED GOVERNMENT AND NATION. THE RESULTS OF THIS ELECTION HAVE RAISED DOUBTS ABOUT THE VERY CONCEPT OF CANADIAN NATIONHOOD. TO CHALLENGE CANADIAN SOVEREIGNTY IN THE MANNER PROPOSED BY TREASURY AT THIS CRITICAL JUNCTURE IN THE LIFE OF THE CONFEDERATION COULD BE SEVERELY DAMAGING TO THE GOVERNMENT, TO PUBLIC REGARD FOR THE UNITED STATES, AND TO OUR OVERALL INTEREST IN A STRONG AND UNITED CANADA. IN A WROD, WE WOULD APPEAR TO BE KICKING CANADA WHEN IT IS DOWN.

3. INTERFERENCE BY THE USG IN CANADIAN SUPERIOR'S VIETNAME ACTIVITIES WOULD SEEM TO RASIE DOUBT IN CANADA AND ELSEWHERE ABOUT THE CONSISTENCY OF OUR POLICY TOWARD VIETNAM. RECENT MOVES BY THE USG CONVEY THE STRONG IMPRESSION THAT WE ARE MOVING TOWARD MORE NORMAL RELATIONS WITH VIETNAM. FOR THE USG AT THE SAME TIME TO JUMP ON A CANADIAN-RESIDENT (THOUGH U.S.-CONTROLLED) FIRM FOR DISCUSSING A POSSIBIEL ECONOMIC RELATIONSHIP WITH THE GOVERNMENT OF VIETNAM WOULD SEEM TO CANADIANS TO BE CAPRICIOUS IF NOT IRRATIONAL.

5. FOR THE ABOVE REASONS, EMBASSY URGES THAT USG TAKE NO ACTION VIS-A-VIS SUPERIOR OIL UNTIL WE HAVE CLEARER UNDERSTANDING OF THEIR INTENTIONS, AND CAN ASSESS LIKELY IMPACT OF ANY USG ACTION ON GOC. IN THIS LATTER CONNECTION, EMBASSY WOULD WISH TO DISCUSS PROBLEM WITH CABINET LEVEL IN GOC BEFORE USG MOVES TO CONFIDENTIAL

CONFIDENTIAL

PAGE 04 OTTAWA 04575 172358Z

BLOCK SUPERIOR OIL FROM ANY PARTICIPATION IN VIETNAM DISCUSSIONS.
ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, FOREIGN INVESTMENTS, INVESTMENT CONTROLS, INVESTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 NOV 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA04575
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760429-0525
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761138/aaaabgsv.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: NOFORN
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NOFORN
Reference: 76 OTTAWA 3800
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by MartinML>; APPROVED <09 AUG 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE U.S. TREASURY ACTION AGAINST CANADIAN SUPERIOR OIL LTD. UNDER FOREIGN ASSETS CONTROL ACT
TAGS: EINV, ENRG, ESTC, ETRD, PFOR, PINT, CA, US, CANADIAN SUPERIOR OIL LTD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006